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Message Text

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PAGE 01 BAGHDA 00690 091033Z

21
ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 EA-11 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 AID-20 EB-11 CIEP-02 TRSE-00 STR-08

OMB-01 CEA-02 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06

SIL-01 SCI-06 SCEM-02 INT-08 SAB-01 CCO-00 SSO-00

ISO-00 DRC-01 /226 W
---------- 050363
R 300830Z DEC 73
FM USINT BAGHDAD
TO SECSTATE WASHDC 707
INFO AMEMBASSY BEIRUT
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI

UNCLAS BAGHDAD 690

E.O. 11652: N/A
TAGS: ENRG, IZ
SUBJECT: IRAQI OIL POLICY HARDENS

REF: BAGHDAD 649

1. SUMMARY: IRAQ'S OIL POLICY URGING OTHER ARABS TO NATIONALIZE AMERICAN OIL COMPANIES IS TAKING ON NEW TOUGHNESS AND IMMEDIACY AS RESULT APPARENT SUCCESS LIBYAN AND IRAQI NATIONALIZATIONS, PRICE INCREASES, FLOOD OF HIGH LEVEL FOREIGN SUITORS, AND DAMAGE ARABS DOING TO JAPAN AND EUROPE WITH PRESENT POLICIES RATHER THAN TO MAIN TARGET, THE U.S. END SUMMARY
LEWM RCC VICE CHAI*MAN SADDAM HUSSAIN REITERATED RATIONALE
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FOR IRAQ'S OIL POLICY IN STATEMENT PUBLISHED DEC 21 (ASSUME

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IN FBIS). IT FOLLOWED CLOSELY REFTEL, STRESSING THAT IRAQI
PREDICATIONS THAT PRODUCTIO CUTS:AND BOYCOTT WOULD HURT JAPAN
AND EUROPE MORE THAN U.S. HAD PROVEN ACCURATE AS HAD WINDFALL
PROFITS FOR U.S. OIL COMPANIES AS RESULT PRICE INCREASES.
SADDAM URGED IMMEDIATE NATIONALIZATION OF AMERICAN OIL COMPANIES
AS ONLY EFFECTIVE MEANS OF PRESSURING U.S. AND WARNED ARABS OF
DIRE CONSEQUENCES IF THEY FAILED TO DO SO.

3. JAPANESE DEPUTY PM TAKEO MIKI'S DEC 25-27 VISIT WAS MOST
RECENT IN STRING OF MINISTERIAL LEVEL VISITS FROM FRANCE,
POLAND, SIR LANKA, TANZANIA, CUBA, INDIA, AUSTRIA, ITALY,
AND OTHER COUNTRIES, ALL CONNECTED WITH OIL. SPECIAL TREATMENT
GIVEN TO JAPANESE AND FRENCH BUT MEDIA PORTRAYED ALL VISITS
AS EVIDENCE OF IRAQ'S GROWING IMPORTANCE AND AS WAY TO
ENHANCE DOMESTIC STRENGTH AND IMPROVE FOREIGN IMAGE.
LATTER APPEARS TO HAVE BEEN MOTIVE ALSO FOR GOI CONTRIBUTION
OF 30 MILLION DOLLARS TO ARAB DEVELOPMENT BANK FOR AFRICA,
5 MILLION DOLLARS MORE THAN ANY OTHER ARAB STATE.

4. TOUGHER GOI POSITION ALSO EVIDENCED IN DEC 20 NATIONALIZATION
OF FULL SHARE IN BASRA PETROLEUM COMPANY OF PORTUGUESE-BASED
GULBENKIAN FOUNDATION (5 PERCENT), BRINGING GOI OWNNRSHIP IN
BPC TO 43 PERCENT. UNLIKE DECREES NATIONALIZING EXXON, MOBIL
AND DUTCH SHARE OF SHELL, GULBENKIAN DECREE SPECIFIED THAT ONLY
NET BOOK VALUE WOULD BE PAID IN COMPENSATION. LOWRIE

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